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The transit trade is very considerable in all sorts of fuel, cotton yarn and cotton fabrics, apparatus, salt, foodstuffs, sugar, minerals, iron and hardwares, chemicals, beverages, wool and woolen goods, ready-made clothing, stationery, glass-, china- and earthenware, cars, mechanical instruments, watches, matches, candles, soaps and offal.

Whereas in 1919 the import came up to scarcely 40 millions kronen and the export scarcely to 10 millions kronen, the import rose to 14.5 millions kronen during the first quarter of 1921 against 11.4 millions during the corresponding period of 1920. The export rose from 1.9 millions kronen in the first quarter of 1920 to 3.8 millions in the first quarter of 1921. The import showed an increase of 28, the export, of 100 per cent. But unfortunately the export continues to form only one-fourth of the import, whereas for the sake of her mere existence Austria ought to export much more than she imports.

Only the exceedingly large finishing up trade, for which America, England, France, Italy, Belgium and the Succession States of Austria-Hungary should allow her credits and raw materials to facilitate the selling of the finished articles in their own commercial centers, may help to save Austria from utter ruin in which Europe and the

overseas countries would be involved to a much higher degree than it can be imagined at present.

Vienna's innate vitality has so far stood the severest tests very well indeed, despite all pessimistic prophecies, and the Capital has developed into a center of trade and commerce for Central and Eastern Europe. The most strenuous efforts are being made at present in this heavily afflicted city to arrange a fair on the largest scale.

But a lasting guarantee for the existence of Vienna can be found only in its development into a center of transit, with a transit port on the Danube, as many transit storehouses as possible and other institutions for transit trade. During the Great War, Vienna received the fugitives of foreign nationality from the North, the East and the South with great hospitality. It has preserved peace and order in spite of the severest sufferings and the greatest shortage of food. These facts, alone, would make it particularly adapted as a centre for international trade and commerce and as the meeting place for international commissions. Foreign capitalists wishing to invest their money would find in Vienna many opportunities, that bid fair to pay rich interests and gradually develop into an excellent and lasting business.

CHAPTER XI

The Customs Policy of the Republic of Austria

By DR. SIEGMUND SCHILDER

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THE trade and customs policy of the Republic of Austria is founded mainly on the following principles:

1. The customs tariff of former Austria-Hungary, dated February 13,

1906. This tariff has undergone numerous modifications, *i.e.*, reductions or partial alterations through the commerce treaties of Austria-Hungary concluded in the meantime. The

customs duties fixed by those treaties are still in force, though quite a number of the countries concerned have themselves put an end to the treaties either by considering them a consequence of the war or by revoking them. These tariffs have been maintained by decrees of the former government, dated October 6, 1914, and February 14, 1918, in the interests of the consumers. In respect to those foodstuffs that are of particular importance as exports from Italy, such as dried fruits, olive-oil, etc., article 223 of the Treaty of St. Germain provides for the maintenance of the tariff until December 16, 1922.

2. Numerous reductions of and exemptions from duties dating from the time of the great war. These were intended to facilitate the supply of certain commodities which had become scarce by reason of the war, *i.e.*, foodstuffs, raw materials, semi-manufactured foods, cattle for farming and slaughtering, fish, meat, cereals, rice, legumes, flour, malt, fruit, vegetables, Italian pastes, food yeast, sugar, molasses, butter, artificial butter and margarine, cheese, various animal fats, condensed milk, raps, lead, alloys of lead and starch.

3. Maintenance by the Republic of Austria not only of these duty exemptions and reductions of war time, but, the economic situation getting worse, further exemptions and reductions of import duties. The exemptions in force in the summer of 1921 included the duties on the following: chicory (for making coffee-surrogates), certain coal tar oils, art prints and chromo-pasteboard, paper for art prints and chromo paper, raw-tanned goat and sheep skins, cement, sheet iron, iron plates and hammered iron, certain kinds of iron rolled into wire, rails and materials for fixing rails, certain goods of not malleable iron and certain goods of malleable iron. The sole export-

duty *i.e.*, that on raps, was considerably reduced.

4. The depreciation of Austrian currency which caused the payment in gold of the customs duties as fixed by a decree of February 13, 1906, to become, even during the war, a problem rather difficult to solve. (In October, 1918 the quotation of the Austrian krone was 40 Swiss centimes, against 105 in June, 1914.) Already during the last period of the monarchical system, the government had tried to make up for the currency depreciation in decreeing on September 18, 1918, an augmentation of the customs rates by 150 per cent in case the latter were paid in paper kronen. As the Austrian exchange was continually declining till it had reached the level of not more than one centime, and the distress of the state finances was going from bad to worse, the Republic of Austria was forced considerably to raise these additional duties from time to time. According to the last decree, dated April 24, 1921, the customs rates have to be multiplied by 100 when paid in paper money. For some groceries, as dried fruit, alcoholic drinks, dainties, textiles, millinery, clothing, precious metals and jewelry, gold watches, perfumery, cosmetics, the coefficient of augmentation is 130. The government terms these goods "luxuries" the import of which by the impoverished Austrian Republic should be prohibited or should at least support high duties.

5. The fact that in the former Austro-Hungarian Monarchy the temporary duty-free import for reexportation after refining the raw materials was subject to the proof of export of manufactured goods and much limited. It was further bound to the proof of identity. But few exemptions based on the privilege of the "equivalent principle" were granted. This reexportation was treated with much more liberality by

the Republican government of Austria.

A similar spirit of liberality is displayed in the new customs administration law of June 6, 1920. This law contains the most extensive concessions to meet the requirements of the export manufactures regarding the regulation of the refining trade. Among other things, it subjects the decisions of the customs authorities, to a considerable extent, to the administrative jurisdiction, similar to an old established practice in Anglo-Saxon countries. Reëxportation of late has also helped the export industries to overcome the difficulties caused by the import and export prohibitions of post-war time. The facilities offered to exportation by the finishing up trade mentioned, serve also the purposes of a new kind of reëxportation trade, which plays a prominent rôle in Austria as well as in other countries, which have enjoyed but small credit abroad since the year 1919. This re-export trade concerns the duty-free raw materials and semi-manufactured goods, and is understood to procure credits to the export industries for the purchase of raw materials in foreign countries with an appreciated currency. In return, the creditors have a specially guaranteed hold on the raw materials during the process of manufacture, on the goods made out of them and on the foreign values that are received for them.

6. A preference of the Republic of Austria from its very beginning to pursue a policy of free trade. Its capital, Vienna, being far too large for so small a country, it was quite natural that the Republic should in the first place try to meet the needs of the transit and finishing up trade. But in view of the not over-friendly attitude of some of her neighbors and the Succession States, especially the Czecho-Slovakian Republic and to some extent also Jugo-Slavia, the

Austrian Government had to content itself with issuing provisional compensations or, at most, "contingent" treaties during the first year or two after the Armistice. Moreover when these treaties, as far as they were favorable for Austria, were not observed by her neighbors (especially Czecho-Slovakia), impoverished Austria lacking the most important foodstuffs and raw materials and totally disarmed was economically and politically too weak to oppose herself to their breach. This situation became still more aggravated when on June 16, 1920, the Treaty of St. Germain came into force. This treaty obliged the Republic of Austria to accord the clause of the most favored nation to all Allied Powers (including the Succession States, Czecho-Slovakia, Jugo-Slavia, Poland, Hungary and Roumania) in respect to commerce, customs policy and personal rights. No reciprocity being stipulated, Austria has no means to fight a tariff war, even if ever so much wronged by any one of the Allied Powers.

The situation of the Austrian Republic was to some extent improved when the growing international commercial crisis in the world's market, which began in the second half of the year 1920, strengthened the position of the buyer in respect to the seller. The commerce treaties which she concluded with her principal neighbors and with the Succession States are again more like the pre-war treaties. The trade with remote countries, especially the oversea trade which had been interrupted by the War, has gradually revived.

PLANS FOR ENLARGING CUSTOMS BOUNDARIES

Ever since the proclamation of the Republic, plans have been under consideration tending to amalgamate the

territories now forming the Republic of Austria with some larger economic unit, with one custom boundary in common. One of these plans, which has, however, found but few adherents, their number constantly decreasing, aims at the re-union into one homogeneous economic whole of those parts that formerly constituted the Austria-Hungarian Monarchy or, failing this, of at least its central provinces, comprising the republics of Austria, Czecho-Slovakia and Hungary.

Aside from some smaller obstacles, this plan failed for the following reasons: the desire of Czecho-Slovakia to make Prague the political and economic capital of Central Europe; the deterioration which the Treaty of St. Germain has produced in the commercial and financial position of Austria, which would involve Czecho-Slovakia, also, in case of a tariff union; the divergence of the rates of exchange of the three countries, which would be a heavy burden to Czecho-Slovakia and a benefit to Austria and Hungary; the differences between Austria and Hungary on the question of the "Burgenland" (Western Hungary) and the contrast of the royalist-aristocratic trend of Hungary and the re-

publican-democratic trend of Austria.

Therefore, from the very beginning, the vast majority of the population has most energetically embraced the other plan. After this plan, Austria being in its present shape almost entirely inhabited by a population speaking and feeling German, would be united, at least economically, with Germany. Beside the argument of nationality there is an economic consideration, too, which speaks in favor of the union with Germany. Heavy as may be the burden imposed upon Germany by the Treaty of Versailles, the situation of this country may be termed brilliant when compared with that of the Austrian Republic. Further, Germany has always shown a very friendly attitude in respect to all questions of commerce and tariff policy ever since the autumn of 1918, and German capitalists have invested large sums in Austrian enterprises, especially in the iron industry in the North of Styria.

It is highly desirable that a feasible plan shall soon be adopted, for the economic situation of the country, lacking the most necessary natural resources and burdened with too large a capital city, still continues very unsettled.

CHAPTER XII

Social Policy in the Republic of Austria

By DR. ANTON HOFFMANN-OSTENHOF

Vienna

IN the following pages we propose to try to give a clear picture of the present state of social legislation in Austria as it has developed from the very beginning of the new Republic. Immediately after the War, in November, 1918, Austria was threatened by grave dangers. A multitude of sol-

diers returning from the front and unaccustomed to regular work flooded the country, while the war manufactures had to shut down. Thus there collected a whole army of unemployed, and serious outrages were to be dreaded in view of the excited state of mind of the population. It was therefore one